



**Supplement to the Sixth Report to Court of
KSV Restructuring Inc.
as Receiver and Manager of
Mahal Venture Capital Inc. and
Golden Miles Food Corporation**

April 3, 2024

And

**Supplement to the Third Report to Court of
KSV Restructuring Inc.
as Licensed Insolvency Trustee of
Mahal Venture Capital Inc. and
Golden Miles Food Corporation**

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COURT FILE NO. CV-21-00664778-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

BETWEEN:

SKYMARK FINANCE CORPORATION

APPLICANT

- AND -

MAHAL VENTURE CAPITAL INC. AND
GOLDEN MILES FOOD CORPORATION

RESPONDENTS

SUPPLEMENT TO THE SIXTH REPORT OF
KSV RESTRUCTURING INC.
AS RECEIVER AND MANAGER
AND
SUPPLEMENT TO THE THIRD REPORT
TO COURT OF KSV RESTRUCTURING INC. AS LICENCED
INSOLVENCY TRUSTEE OF MAHAL VENTURE CAPITAL INC.
AND GOLDEN MILES FOOD CORPORATION

APRIL 3, 2024

1.0 Introduction

1. This report (“Supplemental Report”) supplements the Receiver’s Sixth Report to Court and the Trustee’s Third Report to Court dated March 26, 2024 (the “Sixth Report”).
2. Unless otherwise stated, capitalized terms used in this report have the meanings provided to them in the Sixth Report. This Supplemental Report should be read in conjunction with the Sixth Report.

1.1 Purpose

1. The purpose of this Supplemental Report is to provide the Court and stakeholders with an update on:
 - a. the relief sought by the Receiver in respect of the Omit Tax Reserve;
 - b. the Section 38 Motion being brought by Santokh; and
 - c. the Receiver’s request for an order discharging it as such.

1.2 Restrictions

1. This Supplemental Report is subject to the restrictions in the Sixth Report.

2.0 Omit Tax Reserve Adjourment

1. Section 5.2 of the Sixth Report summarizes the Receiver's position regarding its liability for the Omit Tax Claims and concludes that the Purchaser (12175622 Canada Ltd.), and not the Receiver or the Trustee, is responsible for the approximately \$1,091,000 Omit Tax Claims (plus interest), on the basis of the language in the APA, AVO and undertaking to readjust.
2. On Monday, April 1, 2024, the Receiver was notified by the City of Brantford that the Court (sitting in Hamilton) issued an order appointing MNP Ltd. as receiver and manager of all the assets, undertakings and properties of the Purchaser (MNP, in such capacity, the "12175622 Receiver"). The appointment order was made on January 18, 2024, and became effective on or about March 5, 2024. A copy of the Order appointing the 12175622 Receiver is provided as Appendix "A".
3. The Receiver's counsel has had discussions with counsel to the 12175622 Receiver and the City of Brantford, and understands that the 12175622 Receiver takes the position that the Purchaser is not liable for the Omit Tax Claims. This position was communicated to the City of Brantford on or about June 9, 2023 by the 12175622 Receiver's counsel (at that time acting as counsel to the senior secured creditor of the Purchaser); however, the Receiver was unaware of this until April 1, 2024.
4. As discussed in Paragraphs 5.2(3) – (5) of the Sixth Report, the Receiver's position regarding the Omit Tax Claims has been on the record since at least August 15, 2023 (the date of the Fifth Report), and the Receiver communicated its intention to seek relief in respect of the Omit Tax Claims to the Purchaser on March 8 and March 19, 2024. The Receiver had no knowledge of, nor any communications with, the 12175622 Receiver until very recently.
5. The 12175622 Receiver and the City of Brantford have requested a short adjourment of the portion of the Receiver's motion returnable on April 5, 2024 related to the Omit Tax Claims. The Receiver believes that this is reasonable in order to give the 12175622 Receiver and the City of Brantford time to prepare and file materials in respect of the Omit Tax Claims.
6. The Receiver, 12175622 Receiver, City of Brantford, Skymark Receiver and KLN are currently discussing mutually convenient return dates for the Omit Tax Claim relief, which are anticipated to be in late May, 2024, subject to Court availability.

3.0 Section 38 Motion

1. Paragraphs 7.2(5) – (9) of the Sixth Report discuss the Section 38 Motion that Santokh has advised he intends to bring with respect to the Consolidated Vicano Action, the Brantford Action and the Vivian Action. The Sixth Report sets out that Santokh would have until the Trustee's discharge to bring the Section 38 Motion if he intended to do so.

2. On March 27, 2024, the Receiver's counsel was provided with a motion record in the Mahal VC and the Golden Miles bankruptcy proceedings seeking an assignment of the Trustee's rights in the Consolidated Vicano Action, the Brantford Action and the Vivian Action (the "Section 38 Motion Record"). A copy of the Section 38 Motion Record is provided as Appendix "B".
3. In consultation with Santokh's counsel, the Receiver understands that Santokh will be seeking an order on April 5, 2024, transferring the Mahal VC and Golden Miles bankruptcy proceedings to the Commercial List, so that the Section 38 Motion can be heard by that Court.
4. The Receiver and Trustee support Santokh's request to have the Mahal VC and Golden Miles bankruptcy proceedings transferred to the Commercial List. The Commercial List has overseen and adjudicated on all aspects of the within proceedings, and the Section 38 Motion is clearly related to these proceedings: in the Court Officer's view, the Commercial List is the appropriate venue for the Section 38 Motion to be adjudicated.
5. The Trustee will provide its position on the Section 38 Motion in a subsequent report, to the extent necessary.

4.0 Revised Requested Relief

1. Given the need to adjourn the Omit Tax Claim relief, as described above, the Receiver has determined that it is premature to seek its discharge on April 5, 2024, and is accordingly seeking to adjourn that relief as well.
2. A revised draft order, reflecting the revised relief sought by the Receiver on April 5, 2024, is provided as Appendix "C". A blackline of the revised order, marked against the version of the draft order that was served in the Receiver's Motion Record, is provided as Appendix "D".

* * *

All of which is respectfully submitted,

KSV Restructuring Inc.

**KSV RESTRUCTURING INC.,
SOLELY IN ITS CAPACITY AS RECEIVER AND MANAGER OF
MAHAL VENTURE CAPITAL INC. AND GOLDEN MILES FOOD CORPORATION
AND AS LICENSED INSOLVENCY TRUSTEE OF
GOLDEN MILES FOOD CORPORATION
AND NOT IN ITS PERSONAL OR IN ANY OTHER CAPACITY**